

Rent Burden among California Worker Households

By Edward Orozco Flores; Ana Padilla

Rent burden—paying rent larger than thirty percent of a gross household income—is one of the most significant challenges facing US workers and their families today (Aratani et al. 2011). Many households are rent burdened owing to decades-long wage declines amid increasing productivity gains (Bivens and Mishel 2015). In addition, rent-burdened households risk eviction; in 2016, 2.3 million households experienced eviction—many of them poor (Desmond and Kinniburgh 2018).

California has long been at the forefront of innovative efforts to increase wages and conditions for low-wage workers (Milkman, Bloom and Narro 2010), but has also failed for decades to keep pace building homes for a growing population. The state’s rate of families living in households that do not belong to them (9.3 per 100 households) is now much higher than the rest of the nation (6.3 per 100), and its homeownership rate (49.4%) is lowest in the nation (Flores 2019, 2-7).

The COVID-19 public health crisis has exacerbated the long-standing issues associated with low-wage work and a lack of affordable housing, particularly here in California (Taylor 2015). The crisis will require that non-essential workers—many of whom depend upon low wages and experience rent burden—not work for weeks or months. The crisis has also required essential workers—many who lack health insurance or do not have access to sick leave—to stay on the job.

This brief will draw upon five-year US Census Bureau American Community Survey (ACS) 2014-2018 Public Use Microdata Sample (PUMS) data. It will utilize the Massachusetts Institute of Technology (2020) Living Wage Calculator to estimate the prevalence of “living wage incomes,” county-level thresholds required to “avoid consistent and severe housing and food insecurity” (Nadeau 2018, 2) across California regions and counties, among all workers and essential workers. Key findings are that most California households (78.8%) have one or more workers; a substantial share of worker households (31.8%) earn less than a living wage (e.g. they are “below-subsistence worker households”); most below-subsistence worker households rent (68.9%); and most renting, below-subsistence worker households experience rent burden and extreme rent burden (77.8%).

This brief also examines the implications of these findings for two key occupational groups (e.g. “essential workers”) facing the COVID-19 public health crisis: workers in the farm-to-table food chain and frontline medical workers. Surprisingly, these two key groups of essential workers have much higher rates of living below a living wage (37.3%) than that of the California workforce (25.5%), and experience similar rates of rent burden (72.0% versus 73.1%).

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Challenges to California workers

California has emerged as a key site of the COVID-19 public health crisis; however, a lack of tests and 48,600 pending test results underscore the many public health shortcomings that have allowed the virus to spread quickly and quietly across vast regions (Ibarra 2020). Many more California cases of COVID-19 exist, but have not been documented due to the lack of tests in the state. In turn, key elected officials, such as the state governor and elected officials in major cities, have passed emergency orders—including “stay at home” orders—in efforts to disrupt the spread of the virus (Office of Governor Newsom 2020a). Sanctions have also included the closures of schools and universities; restricting restaurants to pick-up or delivery service; cancelling public festivals and gatherings; and ordering public employees to work remotely, from home, where possible.

The collective response to the COVID-19 crisis has created dilemmas for low-wage workers. Some are fearful of losing wages, not being able to pay rent, and being evicted. Others have no choice but to work on the frontlines of the crisis, placing their well-being (and that of their families and loved ones) at great risk. While the federal government has responded with a \$2 trillion federal stimulus package—the largest in the nation’s history—there are many gaps suggesting workers will continue to lack basic protections to ensure the stability of their jobs and their residence.¹ (For example, while the US Department of Housing and Urban Development has offered relief for homeowners facing eviction, no such protections were offered to renters.) State governors and local elected officials have now been thrust into the debate, proposing policy reforms that would protect renters from eviction for thirty days or sixty days (Newsom 2020b).

The purpose of this brief is to create an informed understanding of the prevalence of worker households, worker households below a living wage income, rentership among such households, and rent burden and extreme rent burden among such renters. The findings in this brief suggest that several gaps exist in the public debate concerning worker and renter protections from the COVID-19 public health crisis and related economic downturn. Namely, for eviction-related policies to adequately respond to workers’ and renters’ needs, the housing and economic insecurity that they faced both before and after the crisis must be fully taken into account.

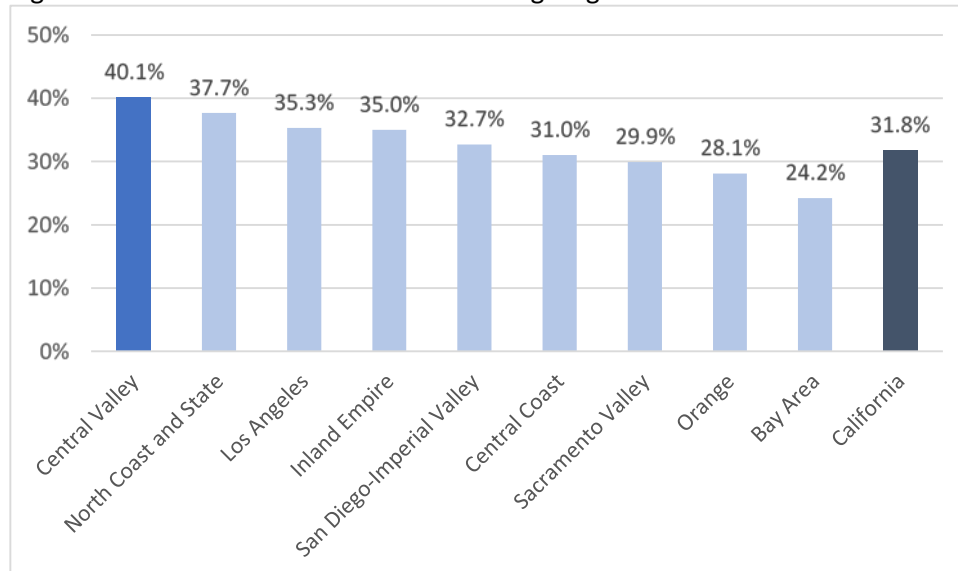
Data and methods

This brief examines US Census Bureau American Community Survey (ACS) 2014-2018 Public Use Microdata Series (PUMS) data. The survey is drawn from annual samples of one percent of American households; five years of data equal five percent of the US population and households, and applying weights, it is possible to use the data to create estimates of the US population at large. This brief focuses its level of analysis on the state of California and its regions and counties.

This brief also utilizes the Massachusetts Institute of Technology (2020) Living Wage Calculator, which provides county-level estimates for the wages necessary to “avoid consistent and severe housing and food insecurity” (Nadeau 2018, 2) for households with different combinations of adults, working adults and children. We applied these 2019 county- and household-level thresholds to every California household sampled in the ACS 2014-2018, adjusting for the rate of inflation.

¹ See New York Times (2020); Tankersley (2020)

Figure 1.1. Worker households below a living wage income



Source: CCRI analysis of American Community Survey 2014-2018 data

Workers living below a living wage

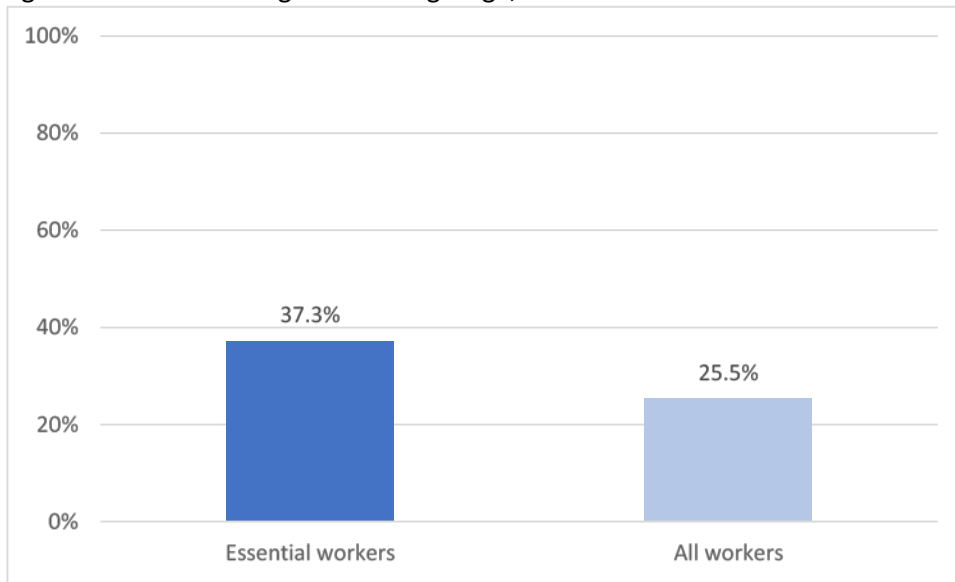
In the 2014-2018 period, regions across California were characterized by a high rate of worker households with incomes below a living wage—what this brief will refer to as “below-subsistence” worker households. Nearly one in three California (31.8%) worker households earned below a living wage (see figure 1.1). Central Valley worker households had the highest prevalence of a below-living-wage income (40.1%), while worker households in the North Coast and State region (37.7%), Los Angeles County (35.3%) and the Inland Empire (35.0%) also had rates of below-living-wage income markedly higher than the California state average.

Subsistence among essential and all workers

California workers experience high rates of living in households with below living-wage incomes—but this is especially true for “essential workers” expected to work during the COVID-19 crisis. This brief analyzes data on workers in two crucial sectors of the economy: the farm-to-table food chain, and frontline medical workers.

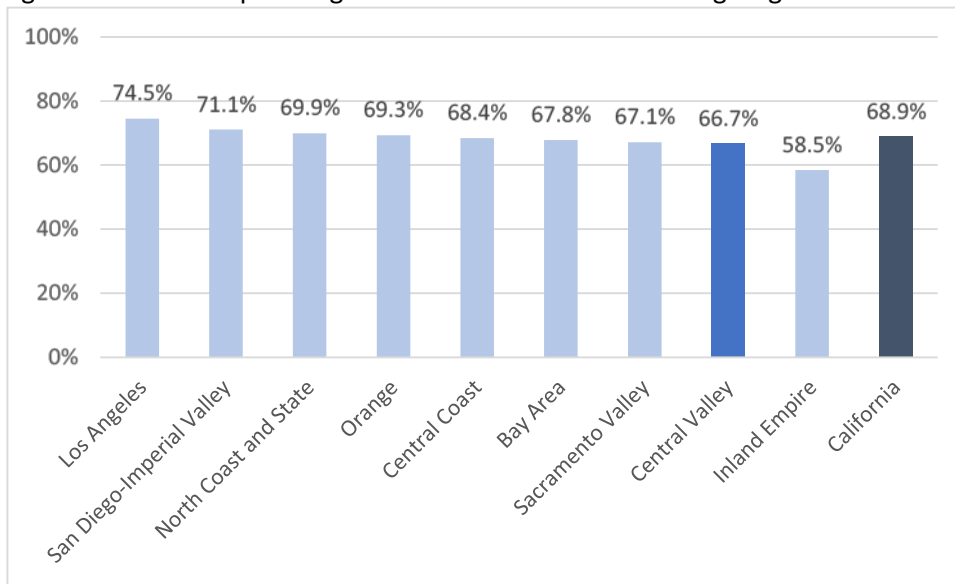
While one in four (25.5%) of California workers lived in a household with below a living wage income, more than one in three (37.3%) of California essential workers lived in below-subsistence households (see figure 1.2). Rates of rent burden were just as high in below-subsistence households for essential workers as they were for other workers. More than two of three workers (73.7%) who lived in renting, below-subsistence households experienced rent burden; 37.0% experienced rent burden, and 36.7% experienced extreme rent burden. Similarly, more than two of three essential workers (73.0%) who lived in renting, below-subsistence households experienced rent burden; 36.5% experienced rent burden and 36.5% experienced extreme rent burden.

Figure 1.2 Rates of living below living wage, essential and all workers



Source: CCRI analysis of American Community Survey 2014-2018 data

Figure 2.1 Rentership among worker households below living wage income

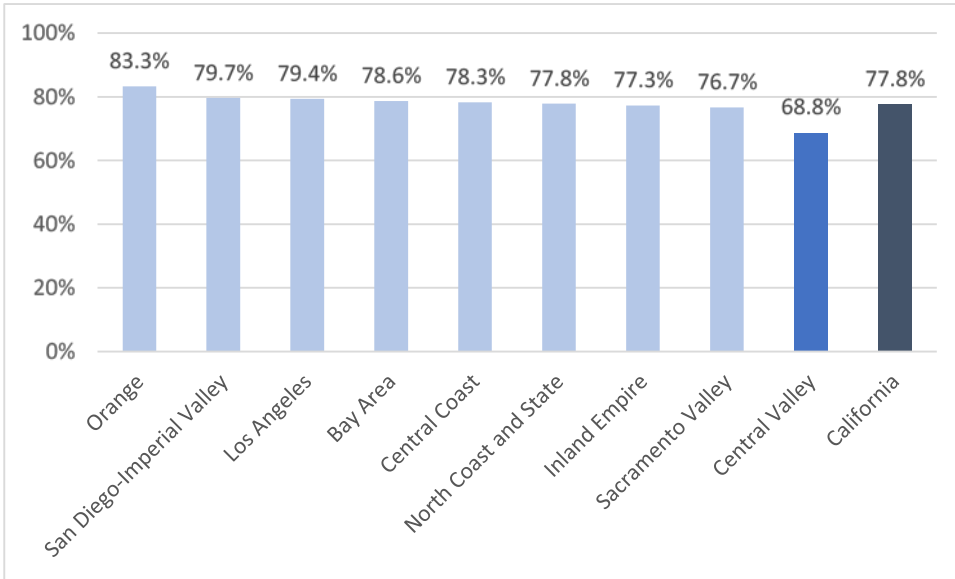


Source: CCRI analysis of American Community Survey 2014-2018 data

Rentership among subsisting worker households

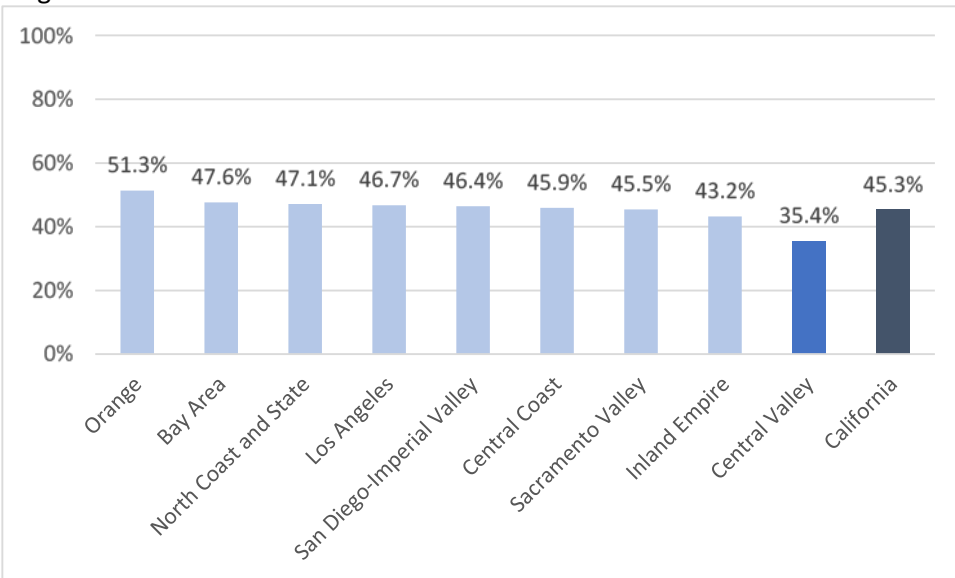
More than two of every three (68.9%) of California’s below-subsistence worker households rented their residence—a pattern consistent across disparate regions (see figure 2.1). In Los Angeles, nearly three of four (74.5%) below-subsistence worker households rented. The San Diego-Imperial Valley region (71.1%), the North Coast and State (69.9%), and Orange County (69.3%) were all marked by rates of rentership near or above the statewide average—underscoring the widespread low rates of home ownership in California.

Figure 3.1 Rates of rent burden among worker households renting and below living wage income



Source: CCRI analysis of American Community Survey 2014-2018 data

Figure 3.2 Rates of extreme rent burden among worker households renting and below living wage income

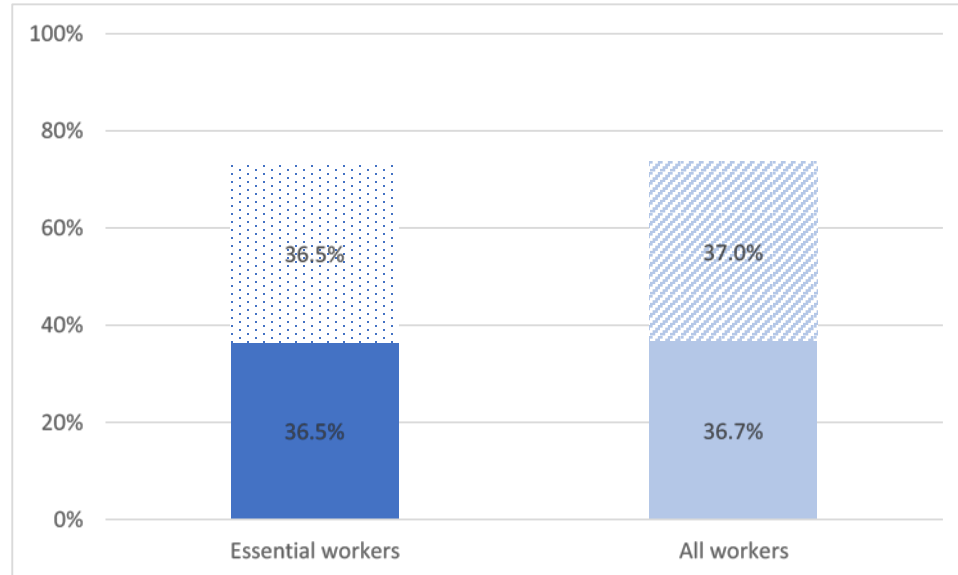


Source: CCRI analysis of American Community Survey 2014-2018 data

Rent burden among renting, below-subsistence worker households

A large majority (77.8%) of California’s renting, below-subsistence worker households experienced rent burden (see figure 3.1). Orange county had the highest rate (83.3%) of rent burden—more than four of every five households—among the state’s major regions. San Diego-Imperial Valley (79.7%), Los Angeles (79.4%) and the Bay Area (78.6%) also exhibited very high rates of rent burden among renting, subsisting worker households.

Figure 3.3 Rates of rent burden and extreme rent burden (among households below living wage and renting), essential and all workers



Source: CCRI analysis of American Community Survey 2014-2018 data

Below-subsistence worker households in California had high rates of not only rentership and rent burden, but extreme rent burden—rents greater than 50% of household income. Almost one-half (45.3%) of California renting, below-subsistence worker households experienced extreme rent burden (see figure 3.2). Only the Central Valley’s rate (35.4%) was substantially lower than the state average, a consequence of lower costs of living than many other parts of the state.

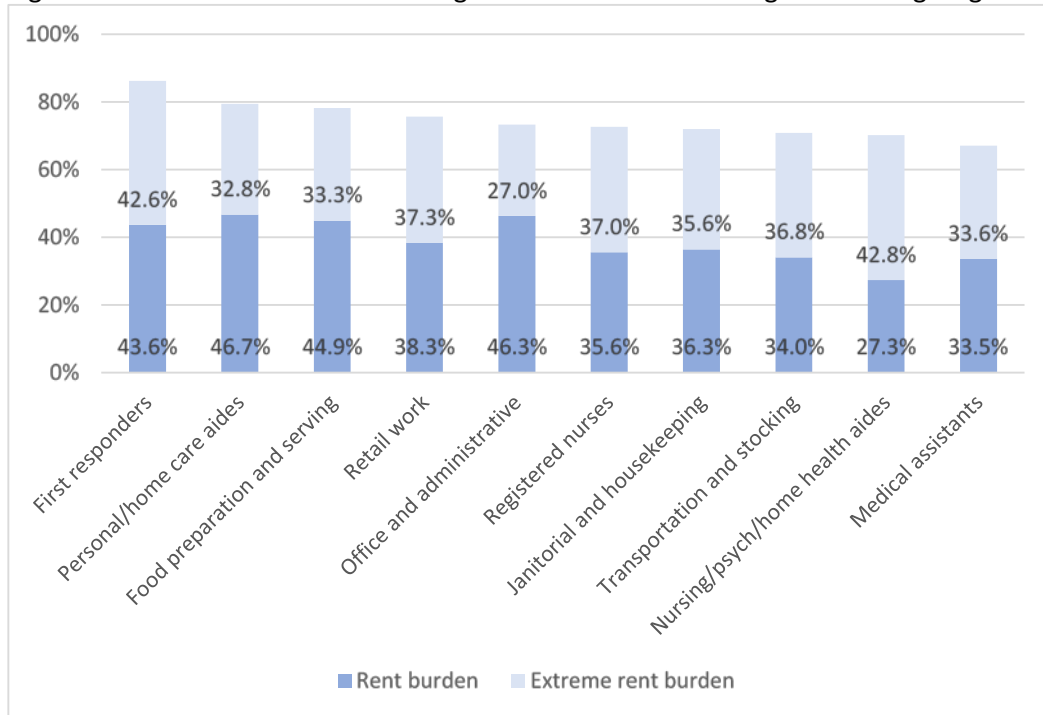
Rent burden among essential workers

Across essential California workers in frontline medical and food-chain occupations, rates of rent burden were high. Among those in renting, below-subsistence households, more than two of three experienced rent burden and extreme rent burden (see figure 3.3).

Particular workers had high rates of living in households with rent burden and extreme rent burden. First responders (which included firefighters, and ambulance drivers and attendants) who lived in renting, below-subsistence households, experienced the highest rates of rent burden (43.6%) and extreme rent burden (42.6%) among essential workers (see figure 4.1). Personal and home care aides had the second highest rates of rent burden (46.7% rent burden, 32.8% extreme rent burden). Frontline medical workers, such as registered nurses (35.6%, 37.0%), janitors and housekeeping cleaners (36.3%, 35.6%), and nurse, psychiatric, and home health aides (27.3%, 42.8%) shared high rates of rent burden and extreme rent burden.

Lastly, the prevalence of working households below a living wage, rentership, and rent burden and extreme rent burden were especially acute among workers who were women, immigrants, and Latina/o (results not shown). **More than half (51.0%) of essential workers who lived in renting, below-subsistence households with a rent burden were immigrants. More than half were female (53.4%). And nearly two-thirds (63.2%) were Latina/o.**

Figure 4.1 Rates of rent burden among essential workers earning below living wage and renting



Source: CCRI analysis of American Community Survey 2014-2018 data

Conclusion

The prevalence of California worker households that earn below a living wage, rent, and experience rent burden are among the highest in the nation. Previous reports have found that California has the nation’s second-highest rate of multiple-family households—a proxy for homelessness—and that California also has the single highest rate of rentership of all fifty states (Flores 2019). This report applied a cost of living index, the MIT living wage calculator, to every California county and household in 2014-2018 American Community Survey PUMS data, and found widespread disadvantage in income and residential stability across the state.

Almost one in five (17.0%) working households in California have both less than a living wage income and experience rent burden. In fact—despite lower cost of living—rural California was consistently characterized by high rates of less-than-living wage income, rentership, and rent burden (see Appendix A and B). All eight Central Valley counties were above the state average in rent burdened, below-subsistence households as a share of all worker households.

The current crisis surrounding the COVID-19 pandemic has ushered a series of policy discussions at the federal, state and local level concerning the role of public bodies in granting deferred mortgage or rent payments to working households with non-essential workers unable to work, essential workers who are infected with COVID-19 and cannot work, or adults who must care for elderly parents or children not attending school.

California workers in essential occupations were not spared from labor or housing market inequalities. Essential workers in two key categories—the food chain and frontline medical

workers—experienced rates of rent burden as high or higher than the average worker. Thus, rather than having created new challenges for California workers and residents, the COVID-19 crisis has instead made more pronounced the existing inequalities that have long imperiled the stability of millions of Californian households.

If elected officials do not fully comprehend the size and scope of housing instability in California—one that was characterized by 1,734,530 rent-burdened, below-subsistence worker households before the COVID-19 crisis—in policy discussions related to the COVID-19 crisis, then local public agencies will be unable to cope with the tens or hundreds of thousands of evictions imminent as a result of the crisis and impending economic downturn.

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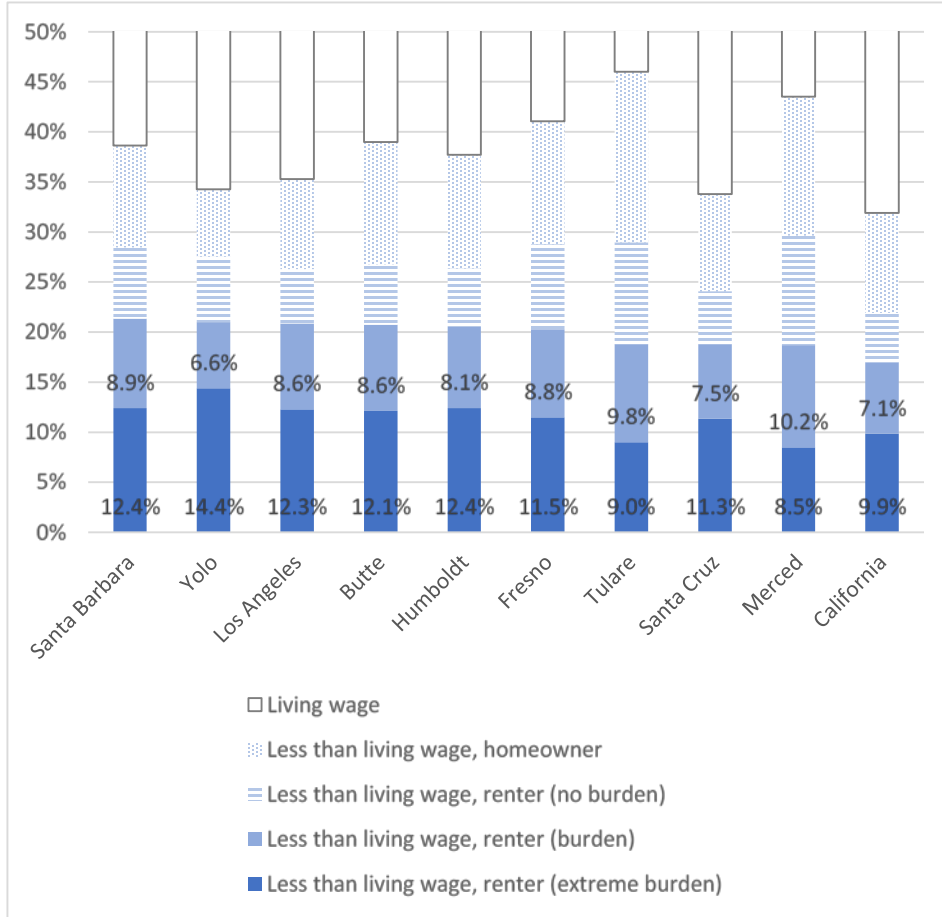
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Appendix A. Counties with highest rate of subsistence and rent burden, among worker households



Source: CCRI analysis of American Community Survey 2014-2018 data

Appendix B. Rate and number of rent burdened households, by county

County	All worker households	Above living wage	Below living wage			Total # rent burdened HH
			Home Owner	Renter, no burden	Renter, rent burden	
Santa Barbara	113,989	61.4%	10.2%	7.1%	21.3%	24,328
Yolo	58,705	65.7%	6.7%	6.6%	21.0%	12,322
Los Angeles	2,593,742	64.7%	9.0%	5.4%	20.9%	541,127
Butte	62,163	61.0%	12.2%	6.0%	20.7%	12,881
Humboldt	37,979	62.3%	11.3%	5.8%	20.5%	7,789
Fresno	242,032	58.9%	12.3%	8.5%	20.3%	49,081
Tulare	105,746	54.0%	17.0%	10.2%	18.8%	19,886
Santa Cruz	74,539	66.2%	9.7%	5.3%	18.8%	14,017
Merced	62,440	56.4%	13.9%	10.9%	18.7%	11,680
San Diego	894,715	67.8%	9.1%	4.6%	18.5%	165,701
Imperial	34,178	54.8%	17.9%	9.0%	18.3%	6,265
San Joaquin	181,338	64.2%	11.5%	6.5%	17.8%	32,259
Kings	35,465	58.6%	11.9%	12.1%	17.5%	6,196
Madera	33,870	59.4%	13.8%	9.3%	17.4%	5,907
Kern	212,030	59.1%	15.0%	8.5%	17.4%	36,968
San Bernardino	509,143	63.2%	14.2%	5.3%	17.3%	88,078
Monterey	115,512	69.8%	7.5%	5.6%	17.1%	19,775
Stanislaus	136,213	64.0%	12.4%	6.5%	17.1%	23,268
California	10,213,615	68.1%	10.0%	4.9%	17.0%	1,734,530
Sacramento	425,863	68.5%	10.0%	5.0%	16.6%	70,502
San Luis Obispo	76,713	70.9%	9.0%	3.7%	16.4%	12,579
Lake & Mendocino	39,208	62.0%	13.8%	8.0%	16.2%	6,365
Orange	828,311	71.9%	8.6%	3.3%	16.2%	134,371
Sutter and Yuba	44,551	61.3%	13.2%	9.9%	15.5%	6,923
Colusa, Glenn, Tehama & Trinity	33,288	58.3%	16.4%	9.7%	15.5%	5,152
Shasta	48,343	66.3%	13.2%	5.6%	14.9%	7,195
Riverside	551,086	66.8%	14.8%	4.0%	14.4%	79,544
Solano	121,220	72.9%	9.4%	3.4%	14.3%	17,364
Sonoma	140,025	72.9%	9.0%	4.0%	14.0%	19,641
Alameda	470,232	75.5%	6.6%	3.9%	14.0%	65,813

Appendix B. Rate and number of rent burdened households, by county (cont'd)

<i>County</i>	All worker households	Above living wage	Below living wage			Total # rent burdened HH
			Home Owner	Renter, no burden	Renter, rent burden	
Napa	36,975	73.6%	8.6%	4.0%	13.8%	5,103
Ventura	214,685	73.3%	9.9%	3.4%	13.4%	28,832
Del Norte, Lassen, Modoc, Plumas & Siskiyou	32,495	54.2%	21.7%	10.9%	13.2%	4,291
San Francisco	281,695	76.6%	5.6%	5.1%	12.6%	35,617
Santa Clara	535,319	76.7%	7.9%	3.0%	12.5%	66,672
San Mateo	213,369	77.3%	8.1%	2.5%	12.1%	25,883
Marin	74,616	76.9%	8.4%	2.8%	12.0%	8,952
Contra Costa	312,845	75.3%	9.9%	3.0%	11.8%	36,916
Nevada & Sierra	27,054	71.2%	15.9%	2.9%	10.0%	2,706
Alpine, Amador, Calaveras, Inyo, Mariposa, Mono & Tuolumne	48,274	75.9%	11.2%	3.8%	9.1%	4,401
Placer	104,057	81.5%	8.4%	2.0%	8.0%	8,357
El Dorado	49,592	81.0%	8.4%	2.9%	7.7%	3,823

CCRI Mission Statement

The Civic Capacity Research Initiative is located at the University of California Merced. It uses research and education to build civic capacity among San Joaquin Valley community-based and labor organizations serving workers and residents furthest on the margins.